Ministry of
Forests

2001/02
Annual Report
A New Era Update

Ministry of
Forests

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Introductory Note — A Year of Transition

The Government of British Columbia and its ministries are committed to reporting on performance. The *Budget Transparency and Accountability Act* (BTAA), as amended in August 2001, provides the legislative framework for a regular cycle of planning, reporting and accountability. Under the BTAA, ministries are responsible for producing three-year service plans (previously called performance plans), which are updated yearly, and annual service plan reports (formerly called performance reports). The amended BTAA takes effect beginning with the 2002/03 fiscal year. The first three-year service plans, covering the period 2002/03 to 2004/05, were released with the provincial budget on February 19, 2002.

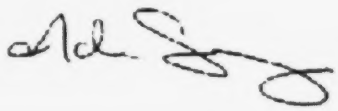
This annual report relates to the previous fiscal year, covering April 1, 2001, to March 31, 2002. This was a transition year, with a new government sworn into office on June 5, 2001. On that day, there was an extensive reorganization of ministries, which were given significant new policy direction and tasked with the responsibility for implementing the government's *New Era* commitments. Later in the year, ministries proceeded through the core services review, which refined the mandates of ministries and identified the strategic shifts required to move government toward its long-term objectives.

This report provides an update on all that activity and also provides a report on performance, approaching the model provided by the BTAA as closely as is possible in the circumstances. An annual report would normally relate back to a preceding plan and report on the results achieved compared with the intentions outlined in that plan. In this case, the preceding plan was produced before the adoption of the significant changes outlined above, and as noted, this ministry has been significantly reorganized, and policies and priorities have changed. This limits the extent to which performance information as described in the previous plan is useful.

Consequently, this report sets out the ministry's redefined role and the services it provides, and — within the context of its goals and objectives as they evolved through the year — describes the achievements of the ministry and the performance targets being used to measure success.

Accountability Statement

The *2001/02 Ministry of Forests Annual Report* was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the report has been prepared. The report was developed in the context of the government's *New Era* commitments, which are to be addressed by May 17, 2005. All material fiscal assumptions and policy decisions as of March 31, 2002 have been considered in preparing the report, and I am accountable for the results contained in it.



Honourable Michael de Jong
Minister of Forests

June 10, 2002

BRITISH COLUMBIA

Ministry of Forests

This annual report outlines the achievements of the Ministry of Forests, measured against its performance targets for the 2001/02 year. The Ministry achieved its broad targets even though 2001/02 was a difficult year for the forest sector in general.

The sector's challenges were due in part to economic factors beyond our control — the softwood lumber duties imposed by the United States, the slowdown in the international economy, the ongoing economic problems in Japan, and the significant decline in the prices for pulp and paper products.

But at the same time, we know British Columbia's forest policy framework does not support a leading-edge forest industry that is globally recognized for its productivity and environmental stewardship. B.C. has forest policies today that, among other things, maintain uneconomic operations and excess capacity, constrain the highest value use for timber and create an excessive regulatory burden.

Our government came to office determined to make the major policy shifts that would allow a competitive, market-driven forest sector to thrive. We recognize that some of the changes we are proposing will be painful and disruptive in the short term but we will not ignore reality: change is needed, and it is needed urgently.

What will not change is our commitment to the highest of environmental standards. We can, and we will, achieve our goals and protect the unique diversity of our forests and the wide array of forest values.

In 2001/02, we established the solid foundation for many of the policy and regulatory changes needed. We asked Dr. Peter Pearse to examine the current economic state and future viability of the coastal forest industry and completed the policy work needed to prepare a public discussion paper for a results-based Forest Practices Code.

We also moved quickly to respond to the serious mountain pine beetle action infestation and replaced Forest Renewal BC with the Forest Investment Account, which will strengthen forest management, research, product development and international marketing.

British Columbia has some of the richest forest resources in the world, we have talented and capable workers, entrepreneurial businesses and forward-looking community leaders. As we move into 2002/03, we must continue to work together to meet the challenge of realizing the diverse potential of this vital and valuable asset for the benefit of all British Columbians.

Honourable Michael de Jong
Minister of Forests

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Year-at-a-Glance Highlights

This section summarizes the significant events and achievements in the ministry during 2001/02. The events and achievements categorized below by ministry goal indicate how well the ministry has achieved the key aspects of its business.

Environmental Scan

Uncertainty and rapid change were features of the global environment within which the British Columbia forest sector operated in 2001/02. Competitiveness issues dominated the forest policy agenda during the fiscal year. Two aspects of competitiveness were key themes: U.S. market access, and new B.C. government policy direction.

In 2001, B.C. forest product exports totalled $14.5 billion and accounted for 46 per cent of total provincial exports and 8 per cent of world exports of forest products. Generally, prices were down in 2001; only newsprint prices rose this year.

Quick Facts

Average U.S. West Coast price of standard newsprint

2001/02:	US$588/tonne
2000/01:	US$565/tonne

B.C. harvest levels, as measured by timber scale billed, were down somewhat in 2001, and employment levels in all sub-sectors of the industry dropped in 2001.

Total British Columbia forest exports dropped from $16.3 billion in 2000 to $14.5 billion in 2001.

Quick Facts

Total B.C. forest industry exports

2001/02:	$14.5 billion
2000/01:	$16.3 billion

GOAL 1 Healthy Forests

The ministry substantially achieved, achieved or over-achieved all of its objectives under its first goal during 2001/02. Performance highlights include:

- completion of effectiveness evaluations of forest practices legislation, addressing wildlife tree retention, range use and silviculture practices,
- 94 per cent compliance with statutory forest practices obligations for industry and government combined. This level of compliance is based on inspection of 89 per cent of high-priority sites,
- 79 per cent of allowable annual cuts (AACs) for all timber supply areas (TSAs) and tree farm licences (TFLs) determined within their five-year deadline, 28 AACs for TSAs and TFLs reviewed, and six reviews initiated as part of the third round of the Timber Supply Review program, and
- development of site productivity and growth and yield tools and prediction models, scientific support for sustainable forest management initiatives and industry certification to improve market access, and analyses of greenhouse gas emissions and carbon credits as part of climate change studies linked to the Kyoto Protocol.

GOAL 2 A Strong Forest Economy

The province's forest sector faced significant internal and external challenges during this fiscal year (as outlined in the "Environment Scan" section, above). Overall, the forest sector was not strong because of uncertainties about access to international markets and constraints associated with the current provincial forest policy framework. During 2001/02, the ministry focused on initiating policy and legislative changes that will, over time, assist the forest sector in becoming more effective.

The ministry substantially achieved, achieved or over-achieved most of its objectives under its second goal during 2001/02. Performance highlights include:

- 17 per cent share of softwood lumber consumption in the U.S. by B.C. exporters — a slight increase, despite the softwood lumber negotiations and the uncertainty created by the U.S. countervailing and anti-dumping duty investigations — and 46 per cent of softwood lumber imports into Japan,
- assessment of the major bark beetle infestation and temporary increases in the Quesnel and Burns Lake AACs for salvage logging of infested timber, aerial-surveying of 93 per cent of Crown forest and establishment of a baseline of 53 per cent of high-priority bark beetle infestation sites as receiving treatments,
- 93 per cent treatment of identified critical invasive alien plant infestation sites,
- containing 93 per cent of all unwanted fires at less than 4 hectares (ha), and keeping the area burned by unwanted wildfires to an average of 17,096 ha, below the 1997-to-2001 average of 22,760,
- 80 per cent of Forest Service Roads maintained to Forest Practices Code standards, and 91 per cent of all Forest Service road bridges at full-load capacity,
- volume gain of 327,900 cubic metres (m^3) of timber per year expected to be available for harvest in approximately 65 years from all ministry reforestation activities, and volume gain of 1.847 million m^3 of timber per year expected to be available for harvest in approximately 65 years from all tree improvement activities,
- 96 per cent of TSA AACs under a form of tenure (excluding Small Business Forest Enterprise Program tenures), and 89 per cent of animal unit months (AUMs) of forage allocated,
- administration of 1,742 grazing licences and permits and 100 hay-cutting licences and permits, representing approximately 940,000 AUMs of forage, and
- $195.5 million gross revenue under the Small Business Forest Enterprise Program (SBFEP), with a total volume sold of 8.960 million m^3, 9.960 million m^3 harvest volume, and 30.7 million seedlings planted.

Quick Facts

Wildfires

2001/02:	1,267
2000/01:	1,538

Quick Facts

Actual area (hectares) burned by wildfires in B.C.

2001/02:	9,763
2000/01:	16,407

GOAL 3 All British Columbians Benefit from the Sustainable Use of Their Forests

The ministry substantially achieved, achieved or over-achieved all of its objectives under its third goal during 2001/02. Performance highlights include:

- 1,139 campgrounds managed, 90 per cent maintained to at least a basic level, including 32 sites managed to an enhanced level,
- involvement in 217 formal treaty negotiations or other co-operative processes underway with First Nations in the province, and
- forest revenue of $1.164 billion for the year.

Quick Facts

Ministry of Forests Revenues

2001/02:	$1.2 billion
2000/01:	$1.3 billion

Expenditures

2001/02:	$498.4 million
2000/01:	$556.2 million

GOAL 4 Be an Effective Sustainable Forest Manager

The ministry substantially achieved, achieved or over-achieved five of seven of its performance measures under its third goal during 2001/02. Performance highlights include:

- usage of the Short-Term Illness and Injury Program at 36 per cent below the public service average (PSA), exceeding the target of 25 per cent below the PSA,
- continued integration of a performance management framework, with 93 per cent of corporate performance measure targets in the ministry substantially achieved or achieved,
- 12 business process improvement projects successfully implemented, and
- 1.8 million ministry web site visits during 2001/02.

Ministry Role and Services

Vision, Mission, Values and Ethics

Since its establishment in 1912 as the Forests Branch, the B.C. Ministry of Forests (also known as the Forest Service) has continued to provide leadership in the protection, management and use of the province's forest and range lands. Its 2001/02 vision that *"The British Columbia Forest Service is universally recognized as a leader in the sustainable management of forests and range lands"* reflects this leadership role.

At the beginning of 2001/02, the Forest Service was charged with defining and achieving a balance between the economic and social needs of British Columbians, and the need to maintain the environmental integrity of forest and range lands in perpetuity. This role was reflected in the 2001/02 mission statement to *"Manage and conserve the province's forest and range resources in a manner that balances economic, ecological and social benefits for all British Columbians."*

The Forest Service protects the public's interest in its forest and range lands through a commitment to the values of trust, fairness, truthfulness, responsibility, accountability, and respect for the land. We are guided by the ethics of sustainable use, stewardship and public service.

Ministry Goals, Objectives and Strategies

To provide the ministry with strategic direction, the following four long-term goals were established for 2001/02:

1. **Healthy Forests** — The use of our forest resources to generate economic and social benefits today will not come at the expense of the long-term health of forest ecosystems.
2. **A Strong Forest Economy** — Our forests and range lands provide work and economic opportunities for many British Columbians and are a significant contributor to the province's overall economic health.
3. **All British Columbians Benefit from the Sustainable Use of Their Forests** — As owners of 90 per cent of the B.C. land base, all British Columbians have a right to benefit from commercial use of their forests. In addition, all British Columbians should have the opportunity to use the province's forests to satisfy their social and cultural needs and traditions.
4. **Be an Effective Sustainable Forest Manager** — The ministry is committed to remaining an effective and ethical organization that is performance-oriented and able to deliver sustainable forest management for the people of B.C.

To further assist the ministry in achieving these four goals, 14 core Business Areas were established for 2001/02 which incorporate the functions carried out by the ministry. (Research, and Compliance and Enforcement were formalized as Business Area 15 and Business Area 16, respectively, later in the year.) Objectives and strategies were developed for each Business Area. Corporate performance measures and targets were assigned within each Business Area and tracked to indicate how successful the ministry was in achieving its goals. Summaries of objectives, strategies and ministry performance by Business Area in 2001/02 are provided in this report.

Ministry Services

The Forest Service is the main agency responsible for the stewardship of 49 million hectares of provincial forest land. Managing these provincial forests presents a unique and complex set of challenges. More than 90 per cent of B.C.'s forest lands are publicly owned, which means that the provincial government, on behalf of the public, plays a much more prominent role in the forest sector than its counterparts in other forestry jurisdictions.

The ministry pursues its mandate for sustainable forest management in a consultative manner with the public, industry, and other Crown agencies, while recognizing the unique role of aboriginal people. In this way, the ministry works to earn the public's trust as our staff make the day-to-day decisions which ensure that all British Columbians can look forward to healthy forests and a strong forest economy now and in the future.

In 2001/02, the ministry was organized into six regional offices, 40 district offices, and 18 headquarters (Victoria) branches (see "Organization Chart" section). As a result of the Core Services Review and government direction on future reductions to ministry resources, the ministry announced a new organizational structure in February 2002 which will include the closure of some offices and branches. The new structure will be implemented over a three-year period beginning in 2002/03.

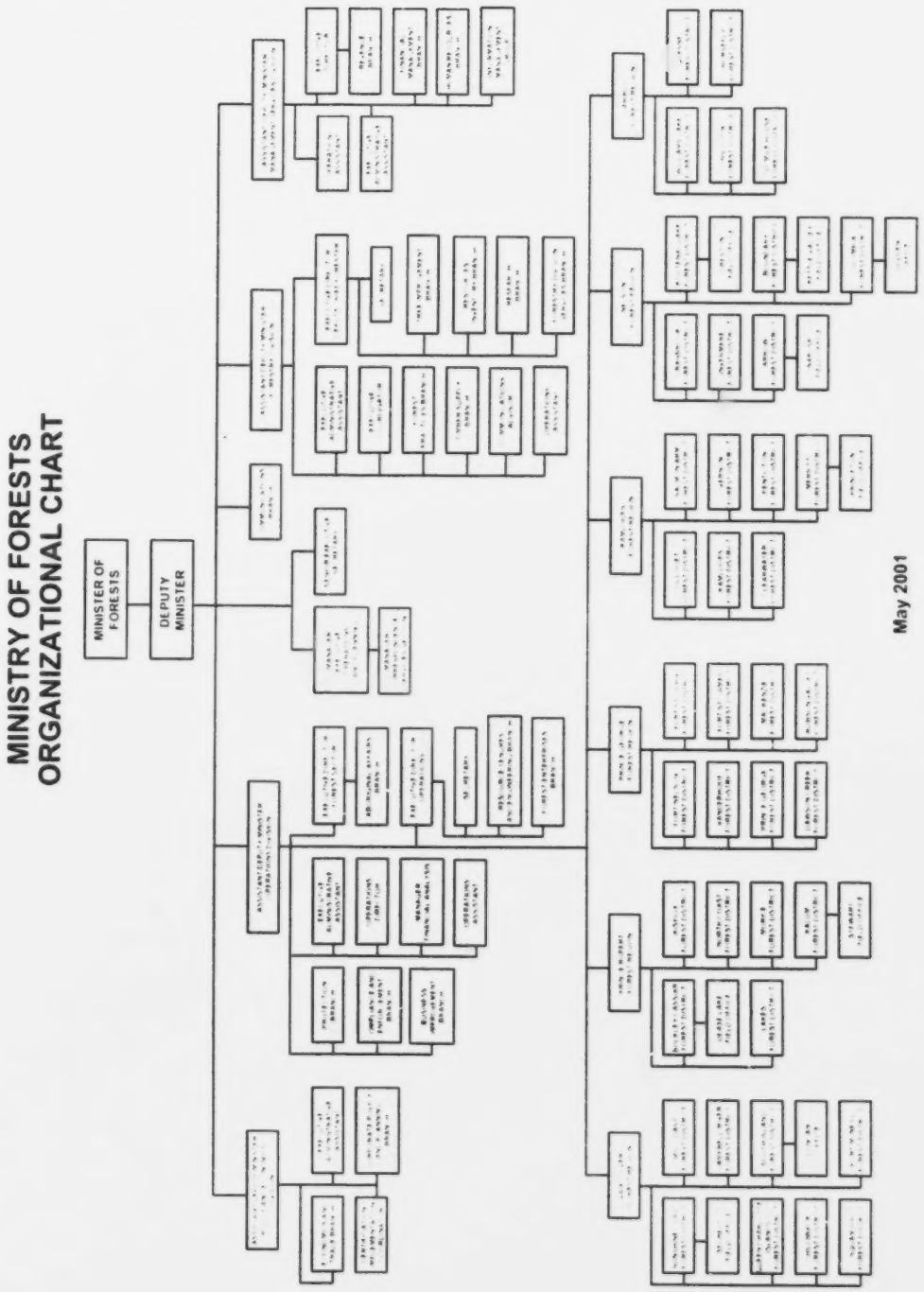
Significant Transition Changes and Alignment with Government Strategic Plan and Goals

During 2001/02, the Land-Use Planning and Inventory components of the Forest Service were transferred to the Ministry of Sustainable Resource Management and the responsibility for collecting forest revenue owed to the Crown was transferred to the Ministry of Provincial Revenue.

In addition, the Core Services Review of the ministry, completed in the fall of 2001, directed the ministry to move to results-based regulation, establish defined forest area management, and pursue alternative arrangements for direct delivery with the forest industry and other stakeholders. The results of these major forest policy changes changed the ministry's balance-oriented mandate to a refocused mandate of protecting and managing British Columbia's forest and range resources. The refocused mandate aligns with the government's *New Era* commitments for sustainable forestry and the government's long-term goal of a sustainable environment.

The refocused mandate and subsequent changes to the ministry's vision, mission and goals are reflected in its *Service Plan 2002/03 - 2004/05*.

The ministry operates under a legislative framework comprised of the *Ministry of Forests Act*, the *Forest Act*, the *Range Act*, and the *Forest Practices Code of British Columbia Act*. To implement the major forest policy changes associated with its refocused mandate, significant amendments to the ministry's current legislative framework are anticipated in 2002/03 and beyond.


MINISTRY OF FORESTS
ORGANIZATIONAL CHART
MINISTER OF FORESTS
DEPUTY MINISTER
May 2001

Updated Environmental Scan

Introduction

Uncertainty and rapid change were features of the global environment within which the British Columbia forest sector operated in 2001/02. Competitiveness issues dominated the forest policy agenda during the fiscal year. Two aspects of competitiveness were key themes: U.S. market access, and new B.C. government policy direction.

U.S. market access was a focus for all of 2001/02 and will continue to be a major issue for the foreseeable future:

- Expiry of the Canada/U.S. Softwood Lumber Agreement on March 31, 2001 was quickly followed (on April 2, 2001) by the filing of countervailing duty and anti-dumping cases by the U.S. Coalition for Fair Lumber Imports.
- B.C. arguments that the provincial lumber industry is not subsidized had no effect on U.S. actions. In August 2001, the U.S. Department of Commerce introduced a preliminary countervailing duty of 19.3 per cent. This was followed by an average preliminary anti-dumping duty of 12.6 per cent in October, for a combined preliminary rate of 32 per cent.
- Discussions and negotiations about the possibility of a policy-based solution to the softwood lumber trade dispute took place throughout the fall and winter. Unfortunately, no agreement was reached. As a result, on March 22, 2002, the U.S. Department of Commerce announced final duty amounts totalling 29 per cent (later revised to 27.2 per cent). This finding was later finalized by the U.S. International Trade Commission. Cash deposits for estimated duties went into effect on May 22, 2002.
- The government of Canada has launched both World Trade Organization and North American Free Trade Agreement challenges to the U.S. softwood lumber duty determinations. However, both processes will take time to complete.
- In the meantime, the high duty level will make B.C. forest products less competitive in the U.S. and B.C. forest companies less resilient to any declines in forest product prices.

New government forest policy direction was also a key theme during 2001/02. The election of the new provincial government in May 2001 was followed by commitments to a range of forest policy changes. Those include:

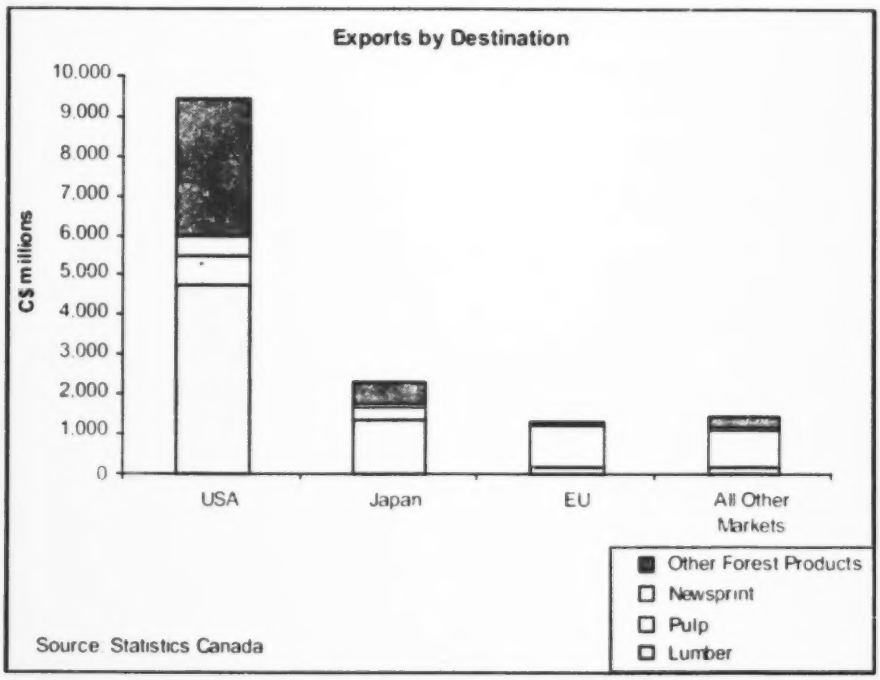
- developing and introducing a new market-based pricing system,
- streamlining the Forest Practices Code to establish a workable, results-based code, with tough penalties for non-compliance,
- putting the Small Business Forest Enterprise Program (to be renamed BC Timber Sales) on a commercial footing, and
- proceeding with Core Service Review ministry restructuring.

Together, these changes have the potential to fundamentally reshape the B.C. forest sector. Development work and analysis on these commitments took place during 2001/02. Implementation will be the focus in future fiscal years.

Prices, Costs and Performance

B.C.'s forest-based industries produce an array of wood products, but are dominated by the production of lumber, pulp and paper. These commodities are sold into world markets.

In 2001, B.C. forest product exports totalled $14.5 billion and accounted for 46 per cent of total provincial exports and 8 per cent of world exports of forest products. The primary market for B.C. products is the U.S., which imported 65 per cent of B.C.'s total provincial forest product exports in 2001. Japan is the second-largest market, accounting for approximately 16 per cent of exports.



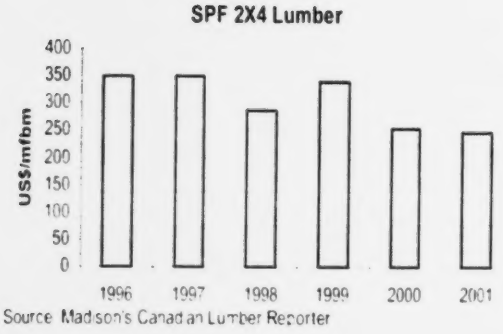
The forest sector's reliance on exports means that world prices are an important determinant of the health of the sector as a whole.

Generally, prices were down in 2001. The price of spruce-pine-fir (SPF) softwood lumber 2x4s, the key product of the Interior lumber industry, fell from an average of US$255/thousand board feet (mfbm) in 2000 to US$249/mfbm in 2001, a drop of 2 per cent. U.S. markets improved somewhat in the first quarter of 2002, but uncertainty about U.S. market access and new softwood lumber tariffs will undoubtedly continue to affect the industry.

The price for hemlock baby squares, a key product for the Coastal industry, remained relatively stable in 2001, declining slightly from the 2000 average. Japanese demand has not recovered to average 1990s levels, and given shifts in product demand, is unlikely to do so.

Market demand for northern bleached softwood kraft (NBSK) pulp weakened markedly in 2001, with prices declining sharply from the 2000 average of US$681/tonne to US$541/tonne, a drop of 21 per cent. Pulp prices continued to decline in the first quarter of 2002.

Only newsprint prices rose in 2001, with average prices reaching US$588/tonne for the year, an increase of 4 per cent. This strength was not maintained in the first quarter of 2002 and it is expected that prices will bottom-out later in the year.



Source: Madison's Canadian Lumber Reporter

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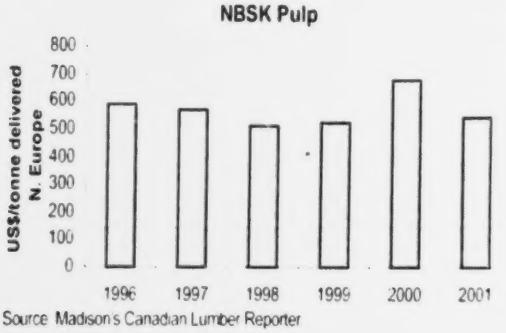
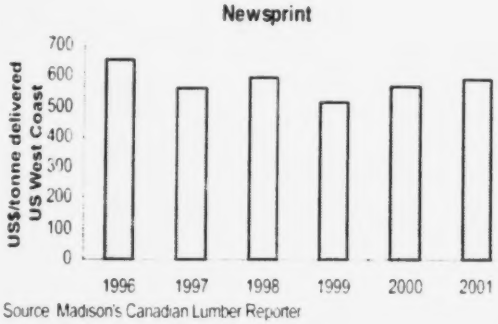


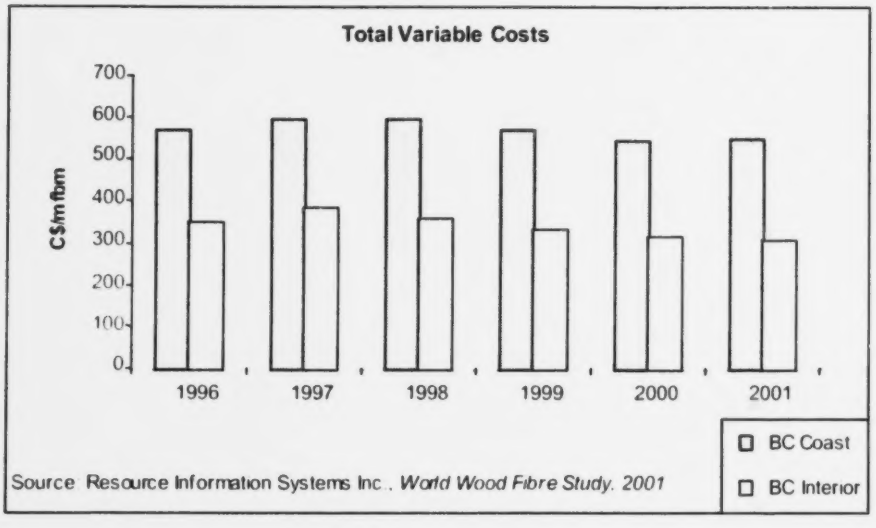
Source: Madison's Canadian Lumber Reporter



Source: Madison's Canadian Lumber Reporter

In addition to world prices, production costs are important to the provincial forest sector. For a cyclical, competitive, mature industry to be successful in the global marketplace, costs must be kept low.

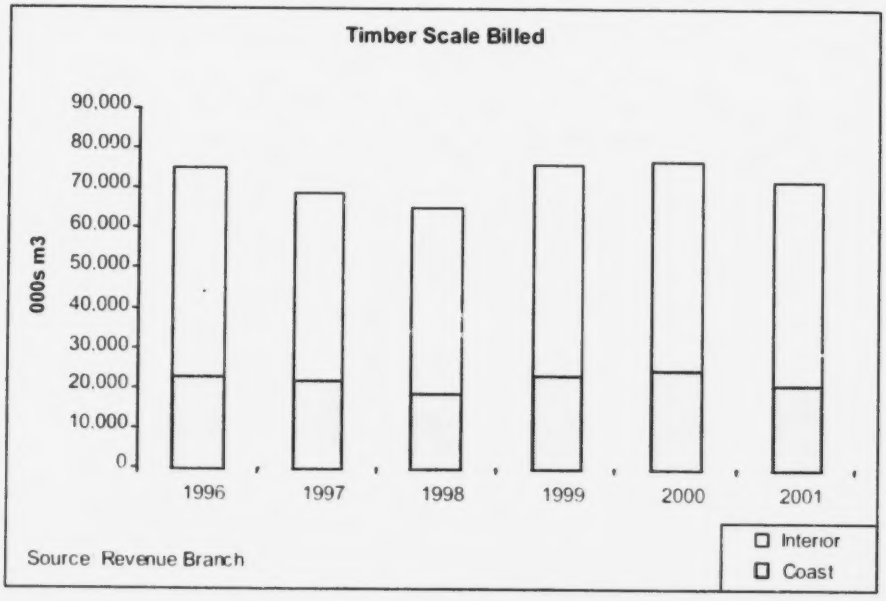
In 2001, variable costs — or costs that vary directly with output — increased slightly on the Coast, but declined in the Interior. The variable cost category includes costs of harvesting, labour and supply.



Source: Resource Information Systems Inc., *World Wood Fibre Study, 2001*

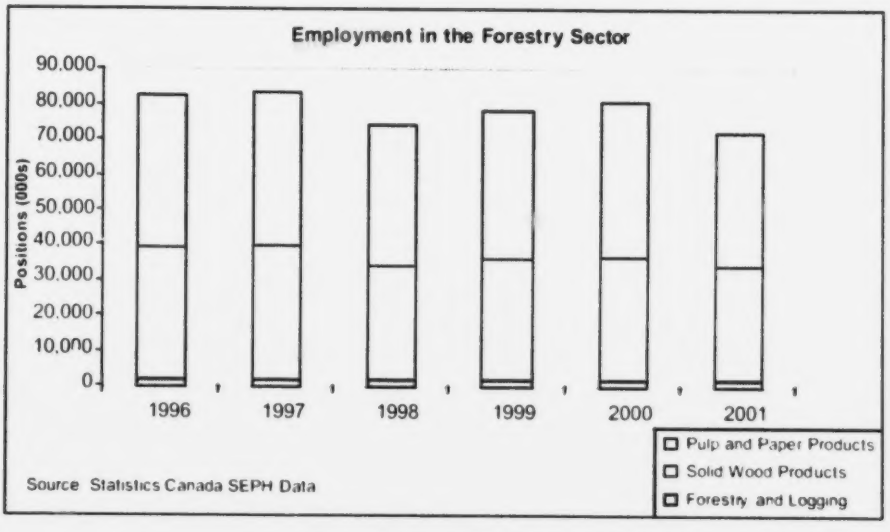
For a variety of reasons, including the diversity of wood types and terrain, the B.C. Coast has significantly higher lumber production costs overall than the Interior. High production costs, changing markets, and environmental pressures continue to exert significant restructuring pressures on the Coast.

B.C. harvest levels, as measured by timber scale billed, were down somewhat in 2001, falling from 77 million cubic metres (m^3) in 2000, to 72 million m^3. Given comparatively weak prices and trade uncertainty, the decline is not surprising.

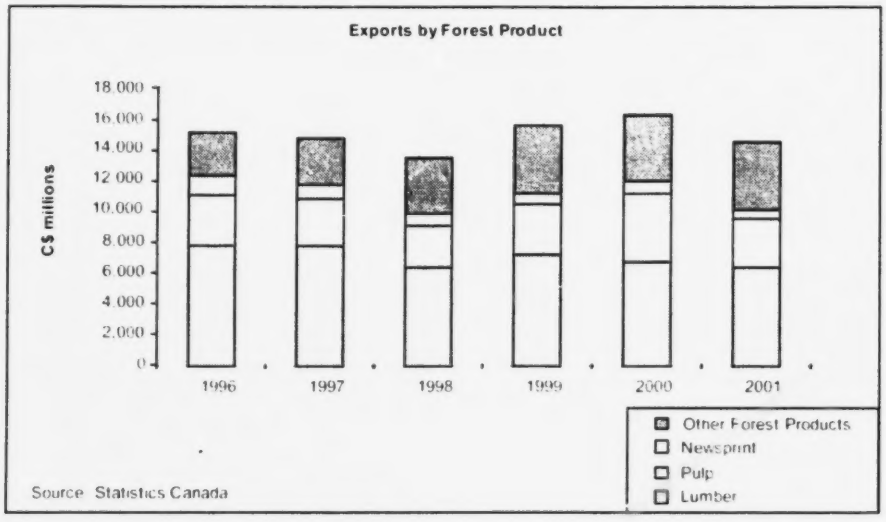


The general weakness in the sector was also evident in the employment and export numbers.

Employment levels in all sub-sectors of the industry dropped in 2001, with the largest fall occurring in the solid wood products category. Total employment in the industry was 85,041 positions, a drop of 12 per cent from 2000.



Total British Columbia forest exports dropped from $16.3 billion in 2000 to $14.5 billion in 2001. Reduced pulp shipments accounted for much of the change.



In terms of outlook, with softwood lumber tariffs coming into effect as of May 2002, both trade flows and employment levels are unlikely to markedly improve in the 2002/03 fiscal year.

Supply and Sustainability

While demand-side issues were the centre of attention during 2001/02, any economic scan is incomplete without an examination of supply. Three supply-related issues that will affect the provincial forest sector on a long-term basis are:

- the world supply of timber,
- certification, and
- First Nations land claims.

World Timber Supply

World timber supply should not be a constraint on global forest product production in the foreseeable future. It is expected that the availability of wood fibre will improve significantly over the next 20 to 25 years, as the commercial production of timber becomes increasingly concentrated on managed forests and plantations.[1] While timber inventories in global "native" forests are expected to decline moderately, "non-native" plantation inventories will compensate for the loss. Non-native plantations are generally more productive than their native counterparts, and by 2025, some experts predict that fibre from these sources will represent one-third of the operable growing stock and supply more than half of global wood fibre needs. In terms of wood supply, this means that Asia, Central America, South America, Australia and New Zealand will become increasingly important wood-fibre suppliers. From a B.C. perspective, this implies increased competition in world forest product markets.

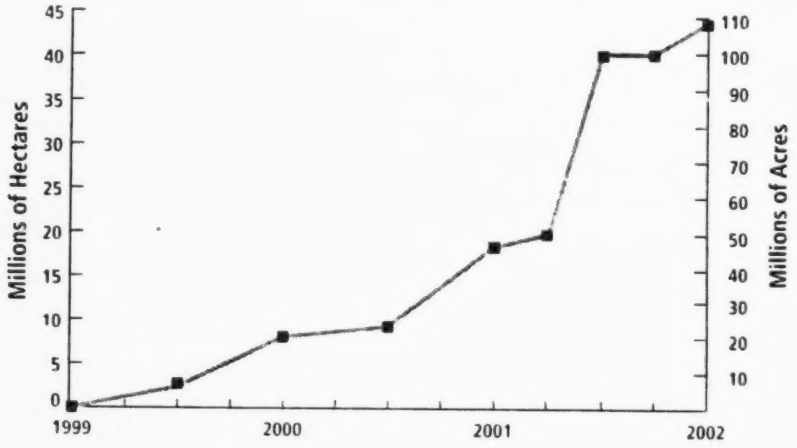
[1] Resource Information Systems Inc., World Wood Fibre Study — Analysis and Forecast

Certification

Certification is increasingly seen as a means of sustainable resource management and excellence in forest stewardship. It is expected that, over time, certification will become more of a prerequisite for access to global forest product markets.

Virtually every major B.C. forest company has now met the requirements of ISO's environmental management system, and has either achieved or is pursuing third-party certification.

Growth in ISO Certification



First Nations Land Claims

The uncertainty associated with unresolved First Nations land claims continues to affect the provincial forest sector. As land claims are resolved and treaties are put into place, there will be increased clarity about what constitutes the forest land base, and First Nations forest stewardship roles and expectations.

This clarity will improve both the long-term stability of the provincial timber supply and the investment attractiveness of provincial forest enterprises.

Conclusion

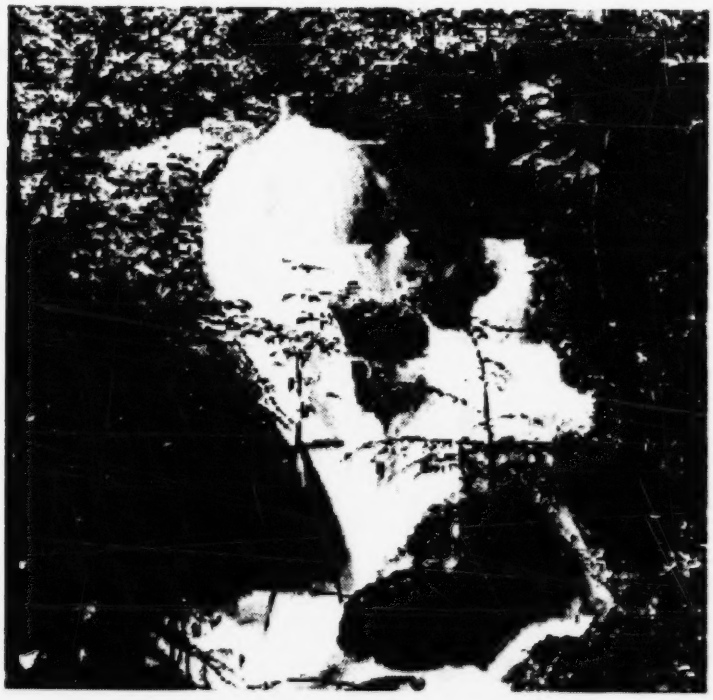
The B.C. forest sector will continue to face the challenges associated with a dynamic and ever-changing global environment. Only a sector that is outward looking, globally competitive, environmentally responsible, and locally accountable will be able to succeed. The ministry's ongoing task is to ensure that an appropriate policy, regulatory and legislative framework is in place to support these objectives.

Update on *New Era* Commitments

In 2001, the provincial government established 11 commitments for their *New Era of Sustainable Forestry* which fall within the ministry's mandate. Most of these *New Era* commitments are associated with a ministry Business Area, as identified below. Further information on the ministry's roles in achieving these commitments is found in the Performance Reporting section of this report under "Performance Reports."

New Era Commitment	Ministry Action	See Report for
1. Establish a working forest land base, to provide greater stability for working families and to enhance long term forestry management and planning	The land-use planning responsibilities and resources of the ministry were transferred to the Ministry of Sustainable Resource Management in 2001/02.	—
2. Streamline the Forest Practices Code to establish a workable, results based code, with tough penalties for non-compliance.	The results based code was initiated in 2001/02, and legislation will be in place by fall 2002.	Business Area 1: Forest and Range Practices
3. Apply 1 per cent of all direct forest revenues, not including "super stumpage," to global marketing of B.C.'s forest practices and products.	New international marketing initiatives will be implemented in 2002/03.	Business Area 4: Market Access
4. Create a market based stumpage system that reflects global market realities and local harvesting costs.	Market based pricing reform and defined forest area management projects were initiated in 2001/02.	Business Area 12: Revenue
5. Either fix or scrap Forest Renewal BC, starting by removing the political appointees on the board.	The Forest Renewal BC Review was completed in 2001/02. The corporation was wound up on March 31, 2002. The new Forest Investment Account was implemented on April 1, 2002.	—
6. Invest in research to promote forest stewardship.	The Forest Service and the Forest Investment Account will fund focused research.	Business Area 15: Research
7. Cut the forestry regulatory burden by one third within three years, without compromising environmental standards.	A deregulation report was delivered to government in September 2001. Deregulation and development of an effective results-based Forest Practices Code were initiated in 2001/02. High environmental standards will be maintained.	Business Area 1: Forest and Range Practices
8. Work to expedite interim measures agreements with First Nations, to provide greater certainty during treaty talks.	The Forest Service continues to provide support for the Treaty Negotiations Office.	Business Area 11: First Nations

New Era Commitment	Ministry Action	See Report for
9. Increase the allowable annual cut over time through scientific forest management, proper planning, and incentives to promote enhanced silviculture.	Tree improvement, planning, research and silviculture activities will be funded through the Forest Investment Account	Business Area 7: Forest and Range Productivity Improvements
10. Eliminate "waterbedding."	Planning for a market based timber pricing regime that will eliminate waterbedding (i.e., stumpage inequities among licensees) was initiated in 2001/02.	Business Area 12: Revenue
11. Scrap the "HCL" silviculture hiring hall policy that discriminates against silviculture workers.	The Forest Renewal BC Review was completed in 2001/02. The corporation was wound up on March 31, 2002. The hiring policies in place under Forest Renewal BC were terminated.	—



Performance Reporting

Scorecard of 2001/02 Performance Measure Target Achievement

93% of targets substantially achieved or achieved

7% of targets partially achieved or not achieved

✔✔	Over-achieved	▲	Partially achieved
✔	Achieved	✘	Not achieved
✔	Substantially achieved		

Goal 1: Healthy Forests

Business Area	Performance Measures	Published Targets	Actual	Achievement	More Info
1. Regulation of Forest and Range Practices, and 16. Compliance and Enforcement	Percentage of industry and government compliance with statutory obligations	94%	94%	✔ Achieved	Page 25
	Percentage of high priority sites inspected	80%	89%	✔✔ Over achieved	Page 25
	Number of completed effectiveness evaluations of the legislation	3	4	✔✔ Over achieved	Page 22
2. Land-Use Planning	Percentage of B.C. with a strategic land use plan approved (Moved to Ministry of Sustainable Resource Management [MSRM])	80%	Not reported	Moved to MSRM	—
	Total number of landscape units with draft or final landscape unit objectives for priority biodiversity (Moved to MSRM)	300	Not reported	Moved to MSRM	—

Business Area	Performance Measures	Published Targets	Actual	Achievement	More Info
3. Timber and Range Supply, Planning and Determination	Number of allowable annual cuts (AACs) determined through the Timber Supply Review for timber supply areas (TSAs) and tree farm licences (TFLs)	25	28	✔✔ Over achieved	Page 27
	Percentage of determinations achieved before their five year deadline	83%	75%	✔ Substantially achieved	Page 27
	Number of analyses of animal unit months (AUMs) of forage completed	435 (An incorrect target of 449 was published)	417	✔ Substantially achieved	Page 28
	Percentage of active map sheets completed within the last two years (Moved to MSRM)	100%	Not reported	Moved to MSRM	—
4. Market Access	B.C. share of the U.S. softwood lumber market	16%	17%	✔✔ Over achieved	Page 29
	B.C. share of Japanese softwood lumber imports	49%	46%	✔ Substantially achieved	Page 29

Goal 2: A Strong Forest Economy

5. Protection of Forest and Range Resources from Fire and Pests	Percentage of Crown forest aerial-surveyed for insect infestations	100%	93%	✔ Substantially achieved	Page 35
	Percentage of high-priority bark beetle infestation sites treated	Baseline to be established	53%	✔ Baseline established	Page 35
	Number of critical invasive alien plant infestation sites treated	3,960	3,683	✔ Substantially achieved	Page 35
	Total hectares (ha) of Crown land lost to unwanted wildfire annually (based on five year average)	< 45,000 ha	17,096	✔ Achieved	Page 36
	Percentage of unwanted wildfires contained at < 4 ha (based on five year average)	89%	93%	✔✔ Over achieved	Page 35

Business Area	Performance Measures	Published Targets	Actual	Achievement	More Info
6. Forest Road Infrastructure	Percentage of kilometres of Forest Service roads maintained by the ministry to Forest Practice Code standards	100%	80%	✔ Substantially achieved	Page 34
	Percentage of all Forest Service road bridges at full load capacity	85%	89%	✔✔ Over achieved	Page 34
7. Forest and Range Productivity Improvements	Volume gain (m^3 of timber/year) from all ministry reforestation activities expected to be available for harvest in approximately 65 years (excluding the Small Business Forest Enterprise Program [SBFEP])	300,000	327,900	✔ Substantially achieved	Page 37
	Volume gain (m^3 of timber/year) from all tree improvement activities expected to be available for harvest in approximately 65 years	1,301,000 m	1,847,000 m	✔✔ Over achieved	Page 37
8. Tenure Administration	Percentage of TSA AACs under a form of tenure (excluding SBFEP tenures)	90%	96%	✔✔ Over achieved	Page 32
	Percentage of available AUMs of forage allocated	90%	89%	✔ Achieved	Page 27
9. Small Business Forest Enterprise Program	Revenue ($ millions) generated from the SBFEP	$266 (Revised to $202.4 by Treasury Board)	$195.5	✔ Substantially Achieved	Page 30
	Total volume (millions m^3) sold under the SBFEP	9.020	8.960	✔ Achieved	Page 30
	Total volume (millions m^3) harvested under the SBFEP	9.200	9.960	✔✔ Over achieved	Page 30
	Number (millions) of seedlings planted under the SBFEP	31.9 (An incorrect target of 35 M was published)	30.7	✔ Substantially achieved	Page 30

Goal 3: All British Columbians Benefit from the Sustainable Use of Their Forests

Business Area	Performance Measures	Published Targets	Actual	Achievement	More Info
10. Recreation and Non-Timber/ Non-Range Benefits	Total number of Forest Service campgrounds managed	1,018	1,139	✔ Achieved, definition expanded	Page 41
	Number of Forest Service campgrounds managed to a basic level	522	1,028	✔✔ Over achieved	Page 42
	Number of Forest Service campgrounds managed to an enhanced level	32	32	✔ Achieved	Page 42
11. First Nations	Number of formal treaty negotiations or other co operative processes in which the ministry is involved with First Nations (Revised measure)	216 (Revised target)	217	✔✔ Over achieved	Page 42
12. Revenue	Revenue ($ billions)	$1.183	$1.164	✔ Substantially Achieved	Page 39
	Percentage of revenue written off (Transferred to the Ministry of Provincial Revenue)	< 1%	Not reported	Moved to Ministry of Provincial Revenue	
	Check scale performance (percentage)	85%	77%	✔ Substantially achieved	Page 39
	Volume (m^3 per month, to the nearest 100,000 m^3) of unbilled scale	800,000	800,000	✔ Achieved	Page 40

Goal 4: Be an Effective Sustainable Forest Manager

Business Area	Performance Measures	Published Targets	Actual	Achievement	More Info
13. Human Resources	Percentage variance of ministry Short Term Illness and Injury Plan time compared with the public service average (PSA)	25% below PSA	36% below PSA	✔✔ Over achieved	Page 43
	Percentage of critical vacancies filled within six months	100%	49%	✘ Not achieved Performance affected by government downsizing	Page 43
	Percentage difference of ministry representatives of the four designated groups (women [W], persons with a disability [PD], visible minorities [VM], and aboriginal persons [AP]), compared with similar private-sector employers	> or = 0% difference	W +4; VM -64; AP -18; PD +13 Visible minorities and aboriginal peoples are under represented	▲ Partially achieved. Performance affected by government downsizing and inability to recruit from designated groups	Page 43
	Percentage of ministry staff with up to date performance planning and review documents	80%	66%	✔ Substantially achieved	Page 44
14. Corporate Governance	Percentage of corporate performance measures achieved	100%	93% (33.5 out of 36 at 80% of target or better)	✔ Substantially achieved	Page 44
	Number of business process improvement projects implemented	12	12	✔ Achieved	Page 45
	Estimated number (millions) of ministry web site visits per year by external visitors	2.2	1.8	✔ Substantially achieved	Page 45

Performance Reports

This section reports on the ministry's accomplishments, by Business Area, in the context of its goals, objectives and strategies. In presenting this information, this section is organized by goal and associated objective(s). Under each objective, strategies are identified and performance is summarized for those Business Areas associated with each strategy.

The *Performance Plan 2001/02 - 2003/04* contains 14 Business Areas. However, as a result of government ministry restructuring and the Core Services Review during 2001/02, the Business Areas in the ministry were revised and expanded to 16. Subsequently, one Business Area was transferred to another ministry. In recognition of these changes, this section refers to all 16 Business Areas and reports on the 15 Business Areas that will form the basis for ongoing performance reporting by the Ministry of Forests.

GOAL 1 Healthy Forests

Objective 1.1 Conserve and restore the biodiversity of forests and grassland ecosystems.

Objective 1.2 Ensure that forest and range management maintains water quality and quantity.

Objective 1.3 Ensure that forest and range management maintains soil quality and quantity.

Strategy 1.0.1 Continue to improve the effectiveness of the current forest and range practices and the regulatory regime, including compliance and enforcement initiatives, by implementing performance-based regulation pilots and by evaluating their results for potential use province-wide.

Strategy 1.0.2 Improve our understanding of the effectiveness of forest practices regulation by increasing monitoring of forest condition and by undertaking evaluation studies on specific aspects of the Forest Practices Code.

Business Area 1: Forest and Range Practices

This Business Area sets performance standards for forest and range practices to achieve sustainable use. It is delivered by branches, regions and districts.

Principal functions of the Business Area include:

- developing policy, standards and legislation for all forest and range practices,
- evaluating the effectiveness of standards and legislation,
- preparing and approving operational plans and prescriptions,
- conducting silviculture surveys,
- collecting range reference area data in support of range-use planning and forage allocation, and
- encouraging public involvement.

2001/02

Under this objective, the Business Area target was to complete three effectiveness evaluations of forest practices legislation. Four evaluations were completed, over-achieving the target. Completed projects addressed legislation covering wildlife tree retention, range use, and silviculture practices.

Also this year, the Business Area developed and implemented a new program to evaluate the effectiveness of performance standards governing forestry and range practices. This program is expected to be expanded and become a key component of the new results based code.

The majority of the Business Area's work in the later half of the year was in developing a results-based Forest Practices Code, as part of a *New Era* commitment. Policy teams of specialists from across the ministry, and from the Ministry of Water, Land and Air Protection, and the Ministry of Sustainable Resource Management worked on results based management regimes for forest and range values. These regimes were outlined in a public discussion paper that was released in April 2002.

Compliance with all existing forest practices statutory obligations was substantial, as discussed under the Business Area 16 report, below.

A key aspect of forest practices legislation which contributes to healthy productive forests is that areas harvested after October 1, 1987 must be reforested promptly. The current status of not satisfactorily restocked Crown land is presented in Table 1. Table 1 represents a balance sheet of all areas harvested in the province and their reforestation status. This table includes areas harvested prior to 1987 (termed "backlog," equivalent to 180,838 hectares [ha] at the end of 2001/02), and those currently between harvest and reforestation (a total of 445,862 ha at the end of 2001/02). Backlog areas may eventually be reforested and returned to productivity or reclassified to non-productive areas. Areas currently between harvest and reforestation are within their legislated allowable limits for regeneration delay (as indicated by the per cent compliance with legislation reported by the Compliance and Enforcement business area) and are expected to remain at a relatively steady level.

Table 1: Changes in the Not Satisfactorily Restocked (NSR)[1] Crown Land in 2001/02

	BACKLOG		CURRENT REFORESTATION[2]			
RESPONSIBILITY	MINISTRY	MINISTRY	MINISTRY	SBFEP	MAJOR LICENSEES	**TOTALS**
YEAR OF DENUDATION	PRE-82	1982-87	POST-87 (OCT. 1/87)	POST-88 (JAN. 1/88)	POST-87 (OCT. 1/87)	
	hectares					
CHANGES						
Total NSR (end of 2000/01)[4]	**122,819**	**66,791**	**32,179**	**33,882**	**377,357**	**633,028**
Additions in NSR in 2001/02 due to:						
Harvesting, fire and pests[5]	559	306	2,105	11,306	115,238	129,513
Plantation failure	1,316	1,284	107	414	1,037	4,158
Natural regeneration failure	794	770	37	118	509	2,228
TOTAL ADDITIONS TO NSR	**2,669**	**2,360**	**2,249**	**11,838**	**116,784**	**135,899**
Reductions to NSR in 2001/02 due to:						
Planting	2,959	3,272	1,697	11,606	88,391	107,24
Natural regeneration	3,613	1,852	1,524	2,201	16,749	25,940
Reclassification of NSR to NP	1,522	583	611	614	5,033	8,363
TOTAL REDUCTIONS TO NSR	**8,094**	**5,707**	**3,832**	**14,421**	**110,173**	**142,226**
TOTAL NSR	**117,394**	**63,444**	**30,597**	**31,298**	**383,967**	**626,700**
NET DECREASE IN NSR IN 2001/02	**(5,425)**	**(3,347)**	**(1,583)**	**(2,583)**	**6,611**	**(6,328**

Includes accomplishments under all funding sources. This table is based on draft data in ministry information systems as of May 23, 2002. Final figures will be posted on the ministry's public web site in the fall of 2002. Where data entry is incomplete or delayed, numbers reported may underestimate actual accomplishments.

Backlog obligation categories, below, are based on the responsibility for reforestation to the free-growing stage.

Ministry, Pre-82: A large portion of Good and Medium Sites in this obligation category was treated under the Canada - B.C. Partnership Agreement on Forest Resource Development FRDA I (1985–1990).

Ministry, 1982-87, All Sites: Includes areas under the (then-named) Small Business Enterprise Program which were cut prior to January 1, 1988, and major licensee areas cut prior to October 1, 1987. These areas are considered "outstanding obligations," as of August 1996, for treatment under the Backlog Reforestation Program funded by Forest Renewal BC.

[2] Current obligation categories, below, are based on the responsibility for reforestation to a free-growing stage, by law, within an acceptable period of time.

Ministry, Post-1987, All Sites: The Ministry remains responsible for basic silviculture on all areas denuded by fire or insects.

SBFEP, Post-88, All Sites: Basic silviculture on areas denuded under the Small Business Forest Enterprise Program (SBFEP) after January 1, 1988 is funded by the SBFEP account and implemented by the Ministry of Forests.

Major Licensees, Post-1987, All Sites: Basic silviculture on areas denuded by major licensees after October 1, 1987 is funded by major licensees. Licensees have approximately six to seven years to reach the basic silviculture requirement for restocking through natural regeneration, or about three to four years through planting, as specified in the silviculture prescription.

[3] Adjustments to NSR figures reported on the ministry's web site following publication of the 2000/01 Annual Performance Report can be summarized as follows:

Total NSR at the end of 2000/01	642,529 ha
Late updates to the database:	
Further change in NSR (Pre-87)	(8,046) ha
Further change in NSR (Post-87)	(1,455) ha
Total NSR at the beginning of 2001/02	633,028 ha

[4] NSR resulting from logging is the net area to be reforested after harvest (excluding roads, landings and other non-productive areas).

[5] Openings caused by fire or insects refer to incidence in mature timber or in areas already classified as free growing. Fire and insect incidence prior to free growing is considered plantation or natural regeneration failure.

[6] NP is non-productive land. Land is reclassified to NP to account for roads, landings, swamps, rock outcrops, etc.

Business Area 16: Compliance and Enforcement

Business Area 16 promotes compliance, by both industry and the Forest Service, with forest and range legislation, and helps the government effectively enforce that legislation.

The Business Area supports the ministry's goals by ensuring that performance standards are established and enforced for managing timber, forage, biodiversity, water, soil, forest habitat, and scenic resources. It also supports the development of clear, measurable, enforceable and practical legislation by providing advice on standards and risk management.

2001/02

The Business Area achieved its corporate performance measure targets for 2001/02. Industry and government successfully met the 94 per cent compliance requirements with forest practices. There were 28,236 inspections carried out in accordance with compliance procedures. Of the 5,898 sites that were identified as a high priority for inspections based on a risk assessment, 89 per cent were inspected.

A summary of enforcement activities resulted in the estimate that less than 2 per cent of forest revenue is lost due to illegal forest activity (supporting Business Area 12). In 2001/02, more than 90 per cent of the major forest theft and forest fraud investigations were successfully concluded. Compliance and Enforcement Branch staff were involved in one fire cause/arson investigation with the Protection Program (Business Area 5) and approximately 150 other investigations throughout the province. They also completed two internal investigations, initiated three new internal investigations, and assisted the RCMP in three non-forestry (illegal grow-operations) and two forestry-related investigations.

A Crime Stoppers pilot project is active in 12 forest districts to provide greater public awareness of forest crimes (e.g., fraud, mischief, theft and arson) and to encourage assistance from the public.

During 2001/02, the Business Area also completed its Organization Review and report, which provided a series of recommendations designed to enhance its effectiveness, independence, accountability and integrity. The recommendations, which link to the government's Core Services Review process, will be implemented in 2002/03.

Also during this year, 523 ministry and other government agency staff and First Nations received compliance and enforcement training in Basic Law, the Rule of Law, Investigations, Compliance Procedures, Risk Management and Statutory Decision-Making.

The Business Area will be implementing a new regime to address the new timber pricing system, revenue safeguards, and changes to the tenure system (in support of the Revenue and the tenure administration business areas (12 and 8 respectively). Compliance and enforcement options will be rationalized with the *Forest Practices Code of British Columbia Act*, the *Forest Act*, the *Range Act*, and associated regulations. The implementation will include a review of compliance and enforcement options to ensure that tools are available to address revenue-related contraventions.

Table 2: 2001/02 Summary of High-Priority Sites Identified and Total Number of Inspections

	No. of High-Priority Sites Identified	No. of Inspections Carried Out (All Sites)
TOTAL ALL FOREST REGIONS	5,898	28,236

Strategy 1.0.3 Accelerate the establishment of landscape-unit objectives and the implementation of two key mechanisms in the Forest Practices Code for protecting biodiversity: old-growth management areas, and wildlife tree patches.

Strategy 1.0.4 Continue to support strategic land-use planning processes, such as Land and Resource Management Plans, which address environmental, social and economic priorities on the forest land base.

Business Area 2: Land-Use Planning

The functions of this Business Area were moved to the Ministry of Sustainable Resource Management (MSRM) early in the 2001/02 year. Performance is therefore not reported in this report. For information on land-use planning performance, refer to the MSRM web site at: www.gov.bc.ca/srm/

Strategy 1.0.5 Establish sustainable levels of timber and range use to ensure that the amount of timber and forage consumed is consistent with maintaining healthy forests and range lands.

Business Area 3: Timber and Range Supply, Planning and Determination

The key role and function of the Timber and Range Supply, Planning and Determination Business Area is to assess the available supply of the province's timber and range resources, taking into account current forestry practices and resource values.

The Timber Supply Review is managed under this Business Area. The ministry completes timber supply analyses for the 37 timber supply areas (TSAs), and the allowable annual cut (AAC) determinations for each TSA and 34 tree farm licences (TFLs) in B.C. at least once every five years.

Section 8 of the *Forest Act* provides the legislative requirement for the chief forester to determine AACs based on the consideration of relevant biophysical, environmental, social and economic factors. The ongoing assessments of these factors enables the chief forester to make timely AAC adjustments where necessary. This ensures that AACs are appropriate and sustainable over the long term. This Business Area supports the chief forester's AAC determination with timber supply analyses that reflect current integrated resource management.

Responsibility for managing provincial range resources falls primarily under this Business Area, as well as under Business Area 8, Tenure Administration. Key management considerations include the allocation of range land, administration of range tenures, and the collection of revenues from the livestock industry for the use of 1 million animal unit months (AUMs) of forage each year. The *Range Act* outlines provisions for range licences and permits, and the Forest Practices Code guides the standards and practices for range lands to ensure the efficient use of range resources, and to protect or enhance range land productivity.

2001/02

The fiscal target of determining AACs within the five-year deadline was successfully achieved on 79 per cent of the units, which was slightly below the performance measure target of 83 per cent.

During this year, the Business Area reviewed 28 AACs for TSAs and TFLs. This over-achieved the goal of 25 AAC determinations. In addition, as part of the third round of the Timber Supply Review program, reviews were initiated for six TSAs and six TFLs.

The Business Area also assessed the major bark beetle infestation, which now covers a large area in the central Interior of B.C. Given the enormity of this forest health issue, the AACs in the Quesnel and Burns Lake areas were temporarily increased by approximately 1 million and 1.5 million m^3 per year, respectively. The ministry will continue to reassess the sustainability of the forest resources affected by this infestation.

The range component of the business area administered 1,742 grazing licences and permits and 100 hay-cutting licences and permits, representing approximately 940,000 animal unit months of

forage. It also completed 417 analyses of AUMs of forage, substantially achieving the performance measure target of 435. This work achieved the ministry's range management objectives for 2001/02.

Strategy 1.0.6 Apply new knowledge and information to forest and range management practices and decisions, through targeted research activities.

Business Area 15: Research

Business Area 15, the Forest Science Program, directly supports the ministry's first goal for 2001/02. It also plays a role in supporting goals 2 and 3. It enhances forest resource stewardship and helps protect the public interest by providing scientifically based information and solutions that support the development and evaluation of policies and standards, effective compliance and enforcement, and sound regulatory decision-making.

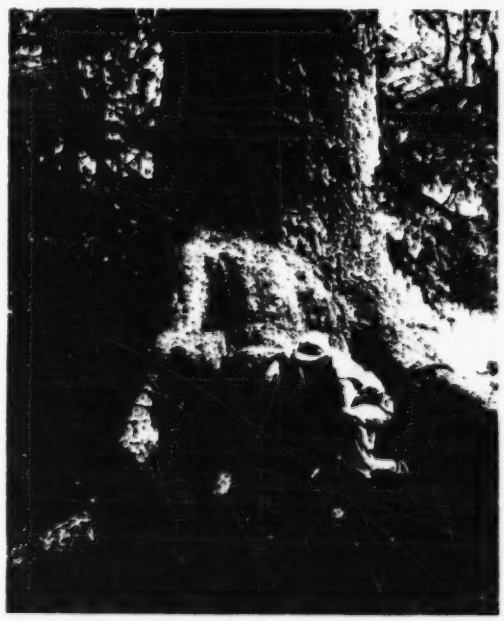
Business Area 15 was established after March 31, 2002. During 2001/02, the Forest Science Program supported Business Areas 1, 3, 4, 5 and 7 in meeting their goals and objectives. In addition, scientists provided training, consulting, and extension services to most of the other Business Areas throughout the year.

2001/02

Ministry scientists conducted research into numerous aspects of forest and range practices (Business Area 1), evaluated the effectiveness of standards, and maintained long-term environmental monitoring studies. They also provided input to the results-based Forest Practices Code discussion paper.

Site productivity and growth and yield tools and prediction models were developed during 2001/02, based on long-term experimental project information, to support timber and range supply, planning and determination (Business Area 3). Decision support for Timber Supply Review allowable annual cut (AAC) determinations was refined, and special studies were conducted as required.

The program provided scientific support for sustainable forest management initiatives and industry certification to improve market access (Business Area 4). Forest climatologists conducted analyses of greenhouse gas emissions and carbon credits as part of climate change studies linked to the Kyoto Protocol.



Research support was provided for selected forest health issues linked to the protection of forest and range resources from fire and pests (Business Area 5). Collaboration continued with the Invermere Enhanced Forest Management Pilot Project, and a study on range effects of restoring fire-maintained ecosystems was ongoing. Another project, on the use of *Hypholoma fasciculare* as a biocontrol agent for *Armillaria*, a destructive tree root disease, was continued in the Cariboo and Nelson forest regions.

Forest productivity improvements (Business Area 7) were addressed by managing the forest tree genetic resources of B.C. to ensure the development of genetically improved seed for reforestation in accordance with Forest Genetics Council objectives, and by providing the tools for silviculture planning and investment decision-making. Planning also got underway to assess funding and delivery options for forest and range productivity enhancement research.

GOAL 2 A Strong Forest Economy

Objective 2.1 Maintain access to export markets for B.C. forest products

Strategy 2.1.1 Support certification of forest management activities for the forest industry and the ministry itself (e.g., the Small Business Forest Enterprise Program).

Business Area 4: Market Access

As the primary steward of the province's forest resources, the ministry has a major role in ensuring that the citizens of B.C. benefit from the commercial use of their forests. This is largely dependent on a strong forest economy and a competitive forest sector. Continued and improved market access for B.C. forest products is needed to help ensure the economic health of the industry.

This Business Area works to maintain and expand international markets for B.C. forest products. These objectives are met by helping remove trade barriers in international markets, including the pursuit of free access for B.C. forest products in the U.S., and by promoting the sustainability of B.C. forest practices. Business Area 4 activities include:

- coordinating the province's role in the U.S. countervailing duty case on softwood lumber,
- providing information on B.C. forest management practices to international buyers,
- assisting companies pursuing certification,
- helping develop international protocols affecting forest management in B.C., and
- monitoring and analyzing matters related to market access, including Kyoto Protocol support.

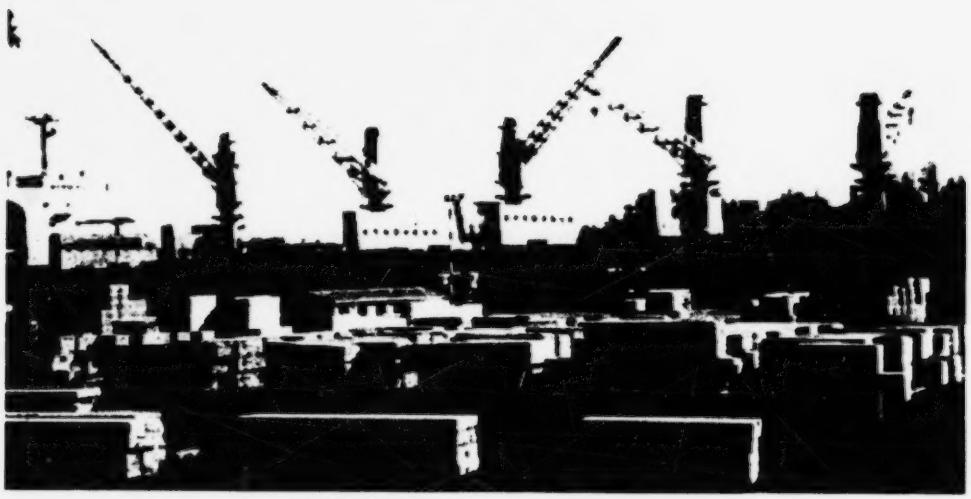
The two main international markets for B.C. forest products are the U.S. and Japan. The provincial government is implementing a $20 million program for forest-sector diversification and international marketing in 2002/03, but lumber sales to the U.S. and Japan still provide a critical economic base for the B.C. forest industry.

2001/02

The Business Area's performance in meeting its objectives is measured by the share of the U.S. and Japanese lumber markets held by B.C. exporters. The targets for 2001/02 were 16 per cent of softwood lumber consumption in the U.S. market, and 49 per cent of softwood lumber imports into Japan.

Despite the uncertainty created by the U.S. countervailing and anti-dumping duty investigations, B.C. lumber producers were able to slightly increase their share of lumber consumption in the U.S., to 17 per cent. With final duties in place, however, the year ahead will be much more difficult.

Continued resistance to green hemlock-balsam and increased competition from other offshore suppliers resulted in B.C. lumber imports into Japan falling slightly short of the target, at 46 per cent.



Business Area 9: Small Business Forest Enterprise Program

Business Area 9, the Small Business Forest Enterprise Program (SBFEP):

- provides opportunities to generate wealth from forest and range resources by selling all available SBFEP timber volume each year, generating revenue to the Crown, and replacing the commercial forest by planting seedlings,
- maintains diversity in the forest sector, providing harvesting opportunities for a wide variety of independent forest enterprises that do not hold long-term tenure rights,
- maintains access to export markets for B.C. forest products by piloting various certification systems for the SBFEP program, and
- demonstrates excellence in forest management practices.

2001/02

Gross SBFEP revenue for the year was $195.5 million, achieving 95.2 per cent of the revised Treasury Board target of $202.4 million. Actual revenues were lower than the target due to slowing of the U.S. economy and the imposition of softwood lumber tariffs.

The SBFEP sold a total volume of 8.960 million cubic metres (m^3) of fibre, achieving 99 per cent of the target of 9.020 m^3. Harvest volume for the year was 9.960 million m^3, which was 108 per cent of the target of 9.200.

The SBFEP planted 30.7 million seedlings, which was 96.2 per cent of the target of 31.9 million. It also assisted in the procurement and shipping of approximately 4 million seedlings to address the ministry's current reforestation obligations (part of Business Area 7: Forest and Range Productivity Improvements).

The Business Area began planning a significant restructuring in 2001/02, in response to direction from the government's Core Services Review to make the SBFEP (to be renamed BC Timber Sales) more commercial and more effective. This transformation includes redefinition of the program vision, mission and objectives, as well as creation of a more independent BC Timber Sales organization within the ministry. Implementation will be completed during 2002/03.

In support of the Canada/U.S. Softwood Lumber dispute, the Business Area was involved in preparing responses and submitting data during this year.

Strategy 2.1.2 Promote achievements in sustainable forest management by the province and forest companies by implementing state-of-the-forests reporting based on criteria and indicators developed for use across Canada, and by conducting an international marketing campaign.

Strategy 2.1.3 Vigorously pursue unfettered market access for B.C. softwood lumber through the removal of trade barriers.

Business Area 4: Market Access

See the report under Strategy 2.1.1.

Objective 2.2 Maintain diversity in the forest sector

Strategy 2.2.1 Provide harvesting opportunities for a wide variety of independent forest enterprises through the Small Business Forest Enterprise Program.

Business Area 9: Small Business Forest Enterprise Program

See the report under Strategy 2.1.1.

Strategy 2.2.2 Provide tenure opportunities for community forests and woodlots under guidelines that encourage innovation in forest management.

Strategy 2.2.3 Evaluate the potential impact of major license transfers on the competitiveness of local timber and forestry contracting markets.

Business Area 8: Tenure Administration

The Business Area's role is to administer all aspects of the timber and range tenure system. The system is a collection of statutes, regulations, the various forms of contractual agreements (i.e., licences and permits), policies and procedures that define and constrain the right to harvest and use the province's timber and range resources, and to occupy Crown land.

The goal of the Business Area is to support a strong and sustainable forest economy, by:

- providing opportunities to generate wealth from the forest and range resources,
- maintaining and improving the quality and quantity of provincial forest and range resources, and
- maintaining diversity in the forest sector.

Tenure administration plays a key role in the ministry's core business of selling the Crown forest and range assets, through the allocation of licences and permits.

2001/02

The Business Area's two performance measure targets, from the ministry's *Performance Plan 2001/02 – 2003/04*, were:

- 90 per cent of timber supply area (TSA) allowable annual cuts (AACs) under a form of tenure (excluding Small Business Forest Enterprise Program tenures), and
- 90 per cent of available animal unit months (AUMs) of forage allocated.

Actual achievements for these measures were 96 per cent and 89 per cent, respectively.

Also in the later part of 2001/02, the Business Area worked on a number of proposals for forest policy change to be implemented through the tenure system. Many of these proposals result from the government's *New Era* commitments to the forest industry, the softwood lumber trade dispute with the U.S., and the Coast Forest Industry Revitalization initiative.

The Business Area played a key role in managing the bark beetle epidemic in the north-central and north-western regions of the province during 2001/02. It is also began developing the defined forest area management proposal, which was initiated out of the Core Services Review.

Range tenure administration is discussed in the timber and range supply, planning and determination (Business Area 3) report under Strategy 1.0.5.

Objective 2.3 Provide opportunities to generate wealth from forest and range resources

Strategy 2.3.1 Ensure the full allowable annual cut is under tenure and available for timber harvest.

Business Area 8: Tenure Administration

See the report under Strategies 2.2.2 and 2.2.3.

Strategy 2.3.2 Sell all available Small Business Forest Enterprise Program timber volume annually.

Business Area 9: Small Business Special Account

See the report under Strategy 2.1.1.

Strategy 2.3.3 Ensure that all authorized animal unit months of forage are under tenure and available for range use.

Strategy 2.3.4 Continue to evaluate the tenure system to ensure that harvesting and range approval processes operate efficiently and effectively.

Business Area 8: Tenure Administration

See the report under Strategies 2.2.2 and 2.2.3.

Objective 2.4 Provide a reliable and safe forest road network.

Strategy 2.4.1 Identify critical road access that will remain open and be maintained.

Strategy 2.4.2 Close or restrict access to low-priority roads if funding is not available to maintain them to the standards of the Forest Practices Code.

Strategy 2.4.3 Replace bridges on the basis of their priority for timber harvesting and other access, and either close or post for less-than-full load capacity, those bridges that can not be replaced immediately.

Business Area 6: Forest Road Infrastructure

This Business Area supports the creation and maintenance of an efficient and effective forest road and bridge infrastructure to access timber, range and recreation values for forest resource extraction and the safe use of the public.

The main objectives of the Business Area are to:

- ensure that active Forest Service roads are built and maintained in accordance with the Forest Practices Code,
- ensure that all Forest Service roads not under an active permit are maintained to safe standards for public use,
- mitigate environmental and safety hazards on non-status roads,
- develop standards for Forest Service road and bridge construction maintenance and deactivation for ministry operations, and
- ensure that forest road infrastructure strategies are developed for all engineering activities and for all areas of the province and that they are tied to ministry objectives.

2001/02

The Business Area's two performance measures for this year were:

- the percentage of kilometres of Forest Service roads (12,040) maintained by the ministry to Forest Practices Code standards (excluding permitted roads), and
- the percentage of all Forest Service road bridges (4,971) which are load-restricted and affect industry (includes permitted and non-permitted roads).

The Business Area maintained its share of the Forest Service road network to 80 per cent of Forest Practices Code maintenance standards during 2001/02. This was an increase from 65 per cent achieved in 2000/01. The ministry is obligated to carry out surface maintenance on all of its network, regardless of the level of use, so full compliance is not necessarily a true indicator of its success in protecting the environment. The Business Area used available funds to carry out surface maintenance on the roads that needed a reasonable level of surface maintenance, and did not maintain the rest. For that reason, the Business Area considers 80 per cent compliance a substantial achievement of the objective.

In 2002/03, the Business Area will no longer use this target as an indicator of performance, due to a substantial shift in policy direction within the business area, as described below.

On its second performance measure, the Business Area over-achieved its target of having 85 per cent of Forest Service bridges at full-load capacity, with 89 per cent (i.e., only 11 per cent of Forest Service bridges cannot carry full logging truck weights). An 85 per cent target was established because not all Forest Service roads are industrial, so bridges on those roads do not need to carry industrial traffic. If and when those bridges are required to carry full loads, it is expected that they will be upgraded accordingly. This performance measure will also be discontinued in 2002/03.

As a result of the government's Core Services Review and the restructuring of ministries, the Forest Service will no longer be undertaking the forest road and bridge construction, replacement, or surface maintenance activities included in its *Performance Plan 2001/02 - 2003/04*. The Business Area will transfer these functions to other government agencies, forest-sector companies, or other organizations wherever possible.

Objective 2.5 Maintain and improve the quality and quantity of provincial forest and range resources.

Strategy 2.5.1 Prevent and suppress wildfire to protect our natural resource inventories and investments in the forest land base.

Strategy 2.5.2 Manage insect pest outbreaks and encroachment by invasive alien plant species.

Business Area 5: Protection of Forest and Range Resources from Fire and Pests

The role of this Business Area is to protect forest and range resources (and investments) in and adjacent to the forest and wild lands of B.C. The Business Area works to minimize losses and mitigate future risks to native species from wildfire, insects, disease and invasive alien plants. Protection of forest and range assets is a core function of the ministry.

2001/02

During 2001/02, the Business Area aerial-surveyed 93 per cent of Crown forest, substantially achieving the target of 100 per cent. The shortfall was due to inclement flying weather during the operational flight window, and to not flying over areas of no known disturbance, based on local knowledge.

The Business Area established a baseline of treating 53 per cent of high-priority bark beetle infestation sites in 2001/02. Warm weather conditions favouring high over-winter survival rates resulted in larger numbers of sites to be treated than the available resources could cover. This baseline could be over-achieved in the future, depending on climate conditions.

In addition to its operational forest health goals, the Business Area was also active in implementing new methods of program delivery and planning. New legislation was passed to expedite harvesting of bark beetle-infested wood in areas where harvesting is used to slow the spread of beetle infestations. Criteria were also established for a new biologically based bark beetle strategy, which will be used to allocate bark beetle funding in the upcoming fiscal year. The Business Area also examined the feasibility of using remote sensing to complement the collection of forest health data.

The target goal of treating 3,960 critical invasive alien plant infestation sites was substantially achieved, at 93 per cent (or 3,683sites). The shortfall can be predominantly attributed to insufficient biological control agents (insects) available for release due to poor weather during the insect harvest period. (With this form of treatment, agents are re-collected from earlier release sites and distributed to new areas. Inclement weather at the time of collection reduced harvest efficiency this year.) Biological control of alien invasive plants is used as a treatment for sites that are beyond control by other conventional methods, so alternative treatments are not an option. These sites must remain untreated until the following year, when more agents become available.

The Business Area's goal for containing all unwanted fires at less than 4 hectares through aggressive initial attack was 89 per cent. The success rate in 2001/02 was 93 per cent. Prompt fire detection and rapid initial response were the main contributing factors.

Another goal was to keep the area burned by unwanted wildfires below a five-year average of 45,000 hectares. From 1997 to 2001, the average was 22,760. In 2001/02, the five-year average was 17,096 hectares (actual: 9,763 — see Table 4). This goal was achieved as a result of aggressive attack on fires that escaped initial attack.

The 2001 wildfire season in British Columbia was characterized by a dry weather pattern in the southern third of the province. Areas of traditionally high-fire activity experienced lower fire starts throughout the season. There were 1,267 wildfires (see Table 3), 1,802,676 cubic metres burned (see Table 5), and $53.8 million spent on direct fire costs. The 2001 fire season once again demonstrated the growing interface challenge, as several fires in the southern Interior quickly spread toward residential areas. Aggressive work turned the fires back before homes were damaged, but if strong had winds prevailed, the losses could have been catastrophic.

Table 3: Number and Causes of Wildfires in 2001/02

	Totals All Forest Regions	
Cause	2001/02	10-Year Average
Campfire	155	154
Equipment Use	66	78
Fire Use	161	257
Incendiary	123	107
Juvenile Fire Setter	78	61
Lightning	479	1,135
Miscellaneous	129	161
Railroads	15	8
Smoker	61	73
TOTALS	**1,267**	**2,054**

Table 4: Area (Hectares) Burned by Wildfires in 2001/02

	Totals All Forest Regions	
Timber	2001/02	10-Year Average
Mature	4,036.1	4,591
Immature	1,431.6	3,111
Other	4,294.8	19,663
TOTALS	**9,762.7**	**27,365**

Table 5: Timber Burned by Wildfires in 2001/02

	Totals All Forest Regions	
Volume of timber burned (m^3)	2001/02	10-Year Average
TOTALS	**1,802,676**	**454,587**

Strategy 2.5.3 Maintain and enhance the quality and quantity of timber potentially available on Crown lands by implementing the provincial silviculture strategy.

Strategy 2.5.4 Improve the quality and quantity of genetic material from natural sources used for reforestation in the province, through selective breeding and by implementing the provincial Tree Improvement Strategy.

Business Area 7: Forest and Range Productivity Improvements

This Business Area ensures that forest and range resources are improved on a sustainable basis. Selected treatments are used to rehabilitate, reclaim and restore forest-stand structure and forest and range land habitat and health. Timber and forage productivity is increased through silviculture, tree improvement, gene conservation, and range land treatments. Environmental stewardship is supported through the conservation of genetic diversity in forest stands.

Maintaining investment in the forest land base and productivity improvements are the mainstay of this Business Area. Opportunities to secure investment to maintain the annual allowable cut in the long-term, maintain animal unit months (AUMs) of forage, and meet legislative obligations are minimum ministry objectives.

The South Moresby Forest Replacement Account is also associated with this Business Area. In 1988, the governments of Canada and British Columbia established the Gwaii Haanas National Park Reserve/Haida Heritage Site and Gwaii Haanas Proposed National Marine Conservation Area Reserve in the Queen Charlotte Islands. Each government contributed $12 million to create the South Moresby Forest Replacement Account to help offset the resulting reduction in timber supply and the associated loss of forestry jobs. In 2000, the governments signed an extension of the account until March 31, 2007.

2001/02

In 2001/02, the Business Area had two principal performance measure targets:

- volume gain of 360,000 m^3 of timber per year from all ministry reforestation activities expected to be available for harvest in approximately 65 years, and
- volume gain of 1.301 million m^3 of timber per year from all tree improvement activities expected to be available for harvest in approximately 65 years.

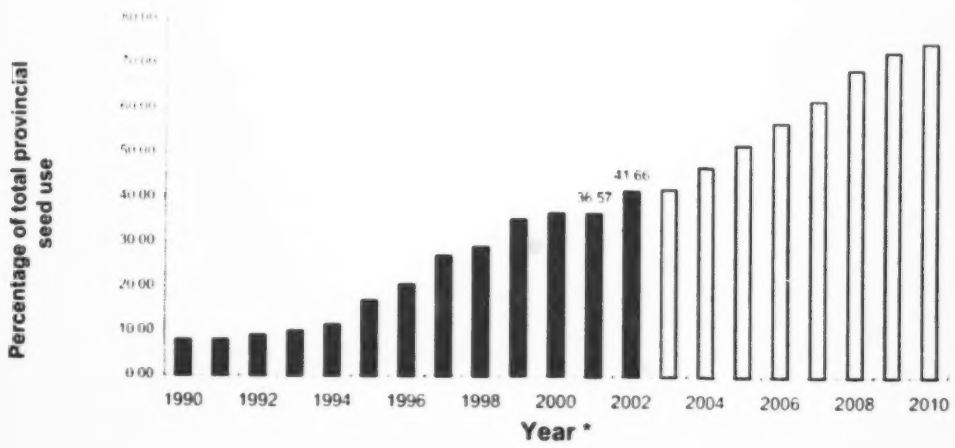
The first target was substantially achieved, at 327,900 m^3. This is calculated using the actual area planted, measured to the nearest 10,000 hectare at the district level, and an estimated average yield projection derived from the available growth and yield tables.

The Business Area over-achieved the second target, reaching 1.847 million m^3 due to an increase in select seed production and use. The result was a calculated figure based on the percentage of select (orchard) seed used (see the graph following), the hectares planted, and the growth and yield projections.

Other accomplishments during this year included:

- maximizing the growing potential of denuded sites for full contribution to the timber supply,
- ensuring that 5 per cent of all backlog and incremental silviculture treatments had a primary or secondary objective of improving wildlife habitat or biodiversity,
- visual inspection of approximately 10 per cent of backlog reforestation and stand-tending fieldwork to confirm work quality and achievement of stewardship objectives,
- mechanically treating, burning and harvesting range land to minimize range loss, and
- allowing the reduction of range capacity/forage by no more than 1 per cent per year from current levels.

Actual and Projected Use of Select Seed (1990 - 2010)



* Seed use based on information from the 2002 Seedling Extraction from the Seed Planning and Registry (SPAR) Information System and analyzed by the Species Plan Information Reporting (SPIR) tool. Data extracted May 1, 2002 and November 26, 1999 (for years 1994 to 1999).

Under direction of the Core Services Review, the Forest Service will discontinue management of tree seedling nurseries by 2003/04. Ministry nurseries will be offered to the private sector, and ministry seed orchards will be closed or leased to the private sector. Ministry seed orchards currently provide approximately 50 per cent of the genetically improved seed used annually in Crown land planting in B.C.

During this fiscal year, no expenditures were made from the South Moresby Forest Replacement Account, as delivery model options were under review.

The Forest Investment Account, established on April 1, 2002, is a provincial government funding mechanism for promoting sustainable forest management in B.C. It represents a shift from public- to private-sector stewardship. By March 31, 2005, the ministry will also no longer deliver contracts for forest and range productivity improvements. Under the new account delivery model, programs such as backlog and stand tending will be delivered directly by industry with very little involvement from the Forest Service. Forest companies will be required to maintain high standards and ensure sustainability. The Forest Service will conduct audits to ensure that standards are met and that forest assets are protected. Enforcing standards will be one of the key priorities of the ministry.

GOAL 3 All British Columbians Benefit from the Sustainable Use of Their Forests

Objective 3.1 Ensure that the public receives fair value for the use of its forest and range resources.

Strategy 3.1.1 Ensure that timber and range resources are being priced appropriately within the current pricing policy framework.

Strategy 3.1.2 Evaluate market-based pricing for the coast and implement changes to the current comparative value pricing system if the market system proves to be more effective.

Strategy 3.1.3 Ensure that the full amount of revenue owed to the Crown is collected.

Business Area 12: Revenue

The role of the Revenue Business Area is to:

- determine revenue in a systematic and equitable manner,
- identify and claim revenue completely, accurately and promptly,
- record revenue promptly and accurately, and
- treat licensees fairly and equitably.

Pricing and selling forest assets is a core function of the ministry, which is delivered in part by the Business Area in branches, regions and districts through timber pricing, cruising, scaling, residue and waste, invoicing and revenue controls.

Revenue collection, and with it, Strategy 3.1.3, was transferred to the Ministry of Provincial Revenue during 2001/02.

2001/02

Revenue for the year was $1.164 billion (see Table 6), substantially achieving the target of $1.183 billion. Actual revenue was a bit lower than the target due to some slowing of the U.S. economy and the imposition of softwood lumber tariffs on U.S.-bound lumber.

Check scale performance targets were also substantially achieved. The check scale performance for 2001/02 was 77 per cent. This represents a 91 per cent achievement of the target set for 2001/02, which was 85 per cent.

The volume of unbilled scale target set out in the ministry's *Performance Plan 2001/02 - 2003/04* was 800,000 m^3. This was achieved. This target reflects what scale volumes were submitted for billing, but have not been invoiced, for a variety of reasons. Maintaining acceptable levels of unbilled scale corresponds directly with the responsibility to identify and claim revenue completely, accurately, and promptly. Achieving the performance target required effort from throughout the Business Area during a particularly challenging time when the ministry was undergoing transformation following the Core Services Review.

For much of 2001/02, the Business Area was heavily involved with the Canada/U.S. Softwood Lumber dispute through preparing responses to questionnaires from the U.S. government, verifying the submitted data, and supporting trade talks throughout the year.

Progress was made on implementing a Market Pricing System on the Coast, as part of the Coast Hemlock Strategy. In March 2002, a new Draft Coastal Market Pricing model was released, and the ministry and Coastal licensees began exploring and refining it for potential application to all Coastal timber.

Throughout the year, the Business Area also continued to refine stumpage calculations and processes to help deal with the bark beetle epidemic in the north-central Interior.

In February 2001, the Business Area launched the Harvest Billing System Project. This project will rebuild the stumpage invoicing system — using an Internet-based approach with the forest industry — over three years. By allowing ministry staff, the forest industry and the public to access invoices and harvest data on the Internet, the project will make the Business Area much more efficient.

Table 6: Revenue in 2001/02 (Unaudited)

Forest Region	Cariboo	Kamloops	Nelson	Prince George	Prince Rupert	Vancouver	Victoria	Totals
Category	($000)							
Major Licensee Stumpage	$115,198	$168,292	$66,818	$323,546	$78,760	$188,661	$4,632	$945,907
Harvesting Rents and Fees	1,865	1,770	1,329	3,903	2,059	5,811	(102)	16,635
Small Business Forest Enterprise Program	30,145	38,562	23,458	60,135	16,219	27,036	(53)	195,502
Export	1	3	48	(10)	316	2,520	8	2,886
Range	734	820	198	376	85	3	—	2,216
Waste	1	25	19	22	33	796	—	896
Penalties	0	10	9	20	53	238	—	330
Interest	136	309	214	1,430	2,100	881	751	5,821
Miscellaneous	68	213	250	240	101	500	65	1,437
Doubtful Accounts Allowance	—				—	—	(7,500)	(7,500)
TOTALS	**$148,148**	**$210,004**	**$92,343**	**$389,662**	**$99,726**	**$226,446**	**($2,199)**	**$1,164,130**

Major Licensee Stumpage and Small Business Forest Enterprise Program include amounts transferred to Forest Renewal BC (i.e., gross revenues)

Totals may not add due to rounding

Objective 3.2 Involve British Columbians in resource management planning in a meaningful way.

Strategy 3.2.1 Assess how effectively the ministry's current public involvement strategy for land use and operational planning identifies and addresses public concerns.

Business Area 2: Land-Use Planning

The functions of this Business Area were moved to the Ministry of Sustainable Resource Management (MSRM) early in the 2001/02 year. Performance is therefore not reported in this report. For information on land-use planning performance, refer to the MSRM web site at: www.gov.bc.ca/srm/

Objective 3.3 Provide the opportunity for people and communities, including First Nations, to use B.C.'s forests to satisfy their social and cultural needs.

Strategy 3.3.1 Implement a Recreation Program strategy on provincial Crown lands outside of parks which maximizes recreation site availability and quality, given available funding.

Strategy 3.3.2 Manage scenic landscapes to ensure that the levels of visual quality desired by British Columbians are achieved in all scenic areas.

Business Area 1: Forest and Range Practices

Scenic quality landscape objectives are incorporated into forest practices regulation, addressed under Strategies 1.0.1 and 1.0.2.

Business Area 10: Recreation and Non-Timber/Non-Range Resources

The roles of this Business Area are to manage recreation and non-timber/non-range (NT/NR) resources, including botanical forest products, and to provide social and economic recreation and NT/NR resource opportunities on provincial forest lands.

The Business Area:

- manages a network of recreation sites, trails and interpretative forest sites,
- administers an efficient user-fee system to partly offset the cost of maintaining the recreation facilities,
- builds and fosters partnerships with other sectors, including user groups, commercial operators, and forest companies, to co-operatively manage recreation facilities,
- plans for recreation values and opportunities, and
- maintains a province-wide inventory of recreation features, settings and facilities.

2001/02

The performance measure target for managed campgrounds for 2001/02 was 1,018. The actual total was 1,139 because of the inclusion of day-use areas and cabins.

Approximately 1,028 campgrounds were maintained to a basic level, substantially overachieving the target of 522. The factors that made this possible were lower-priced maintenance contracts, and volunteered services.

The number of campgrounds maintained to an enhanced level was 32, which was the target.

In February 2002, the Business Area began implementing the government's Core Services Review decision, to divest responsibility for managing Forest Service campgrounds to other parties.

Strategy 3.3.3 Fully meet its obligations to consult First Nations about their cultural needs relating to public forests, and avoid unjustified infringement of aboriginal rights.

Business Area 11: First Nations

The Business Area works to provide stability on the land base for forest and range tenure-holders, by ensuring that the ministry consults with First Nations in a manner consistent with legal decisions and the Constitution. The Business Area is responsible for:

- consulting with First Nations on forest and range development,
- developing policy as it relates to ministry operations and First Nations issues, and
- providing support to the Treaty Negotiations Office through the ministry's participation in treaty and interim measures negotiations.

2001/02

Performance in this Business Area is measured by the number of formal treaty negotiations or other co-operative processes with which the ministry is involved with First Nations. This includes relationships with Bands that are formally in the treaty process, Bands with which the ministry has a formal interim measures, protocol or economic development agreements, or Bands with which the ministry has ongoing two-way consultation.

Under the ministry's *Performance Plan 2001/02 – 2003/04*, the Business Area's objective was to be involved in formal treaty negotiations or other co-operative processes with 132 Bands in the province. Due to the prevalence of forestry activity across B.C., the Business Area has developed relationships with nearly all 196 Bands. The performance measure target of 216 negotiations or processes was over-achieved, at 217. (The number of processes is higher than the number of Bands because adjacent forest districts are sometimes involved in separate processes with the same Band.)

The Business Area's work during the year included:

- ongoing consultation on forest and range development with First Nations, including implementation of interim measures agreements with the Kaska Dena Tribal Council, the Tsay Keh Dene Band, Cowichan First Nation, Ditidaht/Pacheedaht First Nations, and the Huu-ay-aht First Nation,
- support for negotiations with First Nations, including the Sliammon, the Nisga'a Tribal Council, the McLeod Lake Indian Band, the Gitanyow Tribal Council, the Carrier Sekani Tribal Council, the Ditidaht/Pacheedaht First Nations, the Sechelt Indian Band, the Haida Nation, and the Cowichan First Nation, and

- support for the Forest Technician Training Program, which has been a successful training partnership since 1996. To date, more than 90 First Nations students have been through the program (19 in 2001/02). Past students are currently placed in permanent positions with their mentor companies, or have started their own forest businesses, pursued further training in the natural resource sector, or are pursuing a Registered Professional Forester designation. (Ministry support for the program ended at March 31, 2002.)

During 2001/02, the Business Area also participated in the development of capacity-building programs to help First Nations workers enter the forest sector. However, as a result of the Core Services Review, program development is no longer a part of the ministry core mandate, although the Business Area continues to be responsible for consultation activities and negotiation support to the Treaty Negotiations Office.

GOAL 4 Be an Effective Sustainable Forest Manager

Objective 4.1 Be a first-choice forest-sector employer.

Strategy 4.1.1 Implement a new Human Resources strategy that incorporates succession planning and equity and diversity initiatives to attract and retain highly qualified staff.

Strategy 4.1.2 Implement a broad training and leadership program to improve the ministry's ability to respond to the changing environment in which it operates.

Business Area 13 — Human Resources

This Business Area provides a diverse and productive workforce to support the ministry in achieving its strategic goals. Its work includes Human Resources planning, management and evaluation, training and development, recruitment/staffing, diversity initiatives, compensation and salary administration, employee and labour relations, safety, occupational health and accident prevention, wellness programs, Human Resources information systems and technical information resources.

2001/02

The Business Area had four performance measure targets during this year which directly or indirectly link to ministry goals and strategies. Targets and performance were as follows:

- The percentage variance from the public service average (PSA) usage of the Short-Term Illness and Injury Program (STIIP) confirmed that the ministry's usage exceeded the target of 25 per cent below PSA. The ministry's average was 5.8 days a year, or 36 per cent lower than the PSA of nine days a year.
- Filling 100 per cent of critical vacancies within six months was not achieved (49 per cent) due to a staffing freeze effective August 2002, in preparation for government downsizing.
- The percentage difference between the ministry's representation of the four designated groups compared to similar private-sector employers in the forest industry was partially met. The ministry exceeded private-sector comparators of women and persons with disabilities by 4 per cent and 13 per cent, respectively. Visible minorities and aboriginal persons were under-represented by 64 per cent and 18 per cent, respectively. Inability to recruit from designated groups due to the staffing freeze was a key factor.

- The percentage of ministry staff with up-to-date performance planning and review documents was substantially achieved. The target was 80 per cent. At year end, 66 per cent of all employees had an up-to-date performance review in writing.

The Business Area started work during 2001/02 on a three-year Human Resources Strategic Plan for 2002 to 2005. This comprehensive strategy will address all key elements connected to the ministry's Service Plan, and complement two other government wide corporate Human Resources initiatives: the Public Service Renewal, and Excellence in Public Service.

Also this year, as a result of the Core Services Review and budget reviews, the Business Area launched Phase 1 of its Workforce Adjustment Strategy, identifying 381 positions as surplus. The Voluntary Departure and Early Retirement Incentive programs were well-received in the ministry: 278 employees had taken advantage of the programs by the end of the year.

Objective 4.2 Fully implement performance planning and budgeting in the ministry.

Strategy 4.2.1 Enhance the effectiveness of its strategic planning by fully integrating ministry strategic direction with the internal business planning and budget cycles.

Objective 4.3 Ensure that ministry business practices meet the highest standards.

Strategy 4.3.1 Improve business processes by expanding implementation of the Continuous Improvement Initiative (CII) across the ministry.

Strategy 4.3.2 Increase the effectiveness and efficiency of administrative functions by implementing best practices across the organization.

Objective 4.4 Maximize the benefits derived from the application of technology to ministry business.

Strategy 4.4.1 Develop and implement a three-year Information Management and Technology Strategy to guide capital investment in technology and improve business processes.

Business Area 14: Corporate Governance

This Business Area supports the ministry becoming a more effective organization by setting strategic direction, integrating performance management into ministry business, continuously improving business processes (through the CII), and using best practices for corporate governance, including financial and administrative frameworks, corporate communications, and a corporate strategy on information management.

2001/02

The Business Area had three performance measure targets for 2001/02. Under the first, which was to achieve 100 per cent of corporate performance measure targets in the ministry, 93 per cent were substantially achieved or achieved. This indicates that the ministry has begun effective integration

of strategies and performance measures at both the corporate and Business Area levels. Direct linkages between resource allocations and Business Areas were also introduced in 2001/02. This work provided effective direction to the ministry on strategies and outcomes, which was also used to support the Core Services Review process.

The Business Area met its second target — of implementing 12 business process improvement projects — by providing improvements in:

- human resources practices in staffing and job classification functions (2 projects),
- the litigation business process (1 project),
- contract advertising and posting of bid results, using the BC Purchasing Commission's BC Bid system (1 project),
- implementing the Corporate Electronic Leave Form, which simplifies the leave approval and routing process and creates an electronic audit trail (1 project), and
- implementing the Payroll Administration Manual, contributing to cross-government standardization in payroll practices and reduced training costs as staff move among ministries (1 project).

In six other projects, more than 800 staff were trained in continuous improvement (CI), change management, and team and leadership development skills in the first phase of a five-year investment in CI. The training was done in all six forest regions.

During 2001/02, the ministry was supported by considerable corporate information management and information technology services, including applications development, maintenance, training services, evaluation and implementation of new technologies, data administration, and other information management infrastructure.

The ministry's performance measure target for information management in its *Performance Plan 2001/02 - 2003/04* was the estimated number (millions) of web site visits per year by external visitors. The Forest Service maintains one of the largest, best used forestry web sites in existence, and this measure was chosen to track the ministry's objective of increasing electronic interaction with clients and the public.

The target for 2001/02 was 2.2 million visits. The actual number was 1.8 million. The number of visits was lower than projected as a result of the transfer, midway through the year, of advertised contract opportunities from the ministry site to the central B.C. Purchasing Commission's BC Bid site.

In the ministry's *Service Plan 2002/03 - 2004/05*, this performance measure was changed to more directly reflect the objective and target of providing major client services electronically. In 2001/02, 10 per cent of client services were provided electronically. The expectation is that timber scale data, appraisal information, and seedling requests for the 220 million seedlings planted each year in the province will all be transmitted electronically by means of systems being developed.

Report on Resources

2001/02 Resource Summary

	Estimated	Other Authorizations	Total	Actual	Variance
Operating Expenses ($000)					
Regulation of Forest and Range Practices	$31,835	—	$31,835	$31,522	$312
Timber and Range Supply, Planning and Determinations	12,850	—	12,850	12,843	7
Market Access	13,100	—	13,100	13,355	(255)
Protection of Forest and Range Resources from Fire and Pests (Total)	**153,477**	—	**153,477**	**120,874**	**32,603**
• **Fire Suppression**	131,005	—	131,005	98,528	32,477
• **Bark Beetle (Incremental)**	9,881	—	9,881	9,761	120
• **Forest and Range Health**	12,591	—	12,591	12,585	6
Forest Road Infrastructure	20,077	—	20,077	19,984	92
Forest and Range Productivity Improvements (Total)	**24,872**	—	**24,872**	**19,759**	**5,114**
• **South Moresby Forest Replacement Account**	4,503	—	4,503	—	4,503
• **All others**	20,369	—	20,369	19,759	611
Tenure Administration	25,124	—	25,124	24,940	184
Small Business Special Account[1]	131,679	$(1,755)	129,924	129,924	—
Recreation and Non-Timber/ Non-Range Benefits	7,572	—	7,572	7,524	48
First Nations	8,879	—	8,879	8,715	164
Revenue[2]	23,559	—	23,559	26,019	(2,460)
Human Resources	10,863	—	10,863	10,661	202
Corporate Governance	35,754	—	35,754	32,759	2,994
Research	13,636	—	13,636	13,847	(211)
Compliance & Enforcement	25,716	—	25,716	25,682	34
TOTALS	**$538,993**	**$(1,755)**	**$537,238**	**$498,408**	**$38,830**

[1] Small Business appropriation is revised at fiscal year end to reflect dividend to Consolidated Revenue Fund

[2] Over-expenditure reflects statutory requirement under the FAA for interest to be paid in respect of decisions of the Forest Appeals Commission and courts on stumpage appeals.

	Estimated	Other Authorizations	Total	Actual	Variance
Full-Time Equivalents (FTEs)					
TOTALS	**4,083**	—	**4,083**	**3,850**	**233**
Ministry Capital (Expenditures) ($000)					
Information Systems	$10,600	—	$10,600	$7,230	$3,370
Other	7,457	741	8,198	11,061	(2,863)
TOTALS	**$18,057**	**$741**	**$18,798**	**$18,291**	**$507**
Consolidated Capital Plan Expenditures ($000)					
Purpose	—	—	—	—	—
Other Financing Transactions (Net Disbursements) ($000)					
Small Business Forest Enterprise Program	$17,180	$409	$17,589	$17,589	—
TOTALS	**$17,180**	**$409**	**$17,589**	**$17,589**	**—**